

CALIFORNIA HEALTH FACILITIES FINANCING AUTHORITY (CHFFA)

FUNDING SUMMARY

Applicant:	Mountain Communities Healthcare District dba Trinity Hospital (“Trinity”)	Amount Requested:	Not to exceed \$301,000
Applicant Address:	60 Easter Avenue Weaverville, CA 96093 Trinity County	Resolution Number:	2008-11
Date Requested:	July 31, 2008	Loan Term:	No later than 45 days following the adoption of a 2008-2009 budget by the State of California

Background of Financing:	Many rural hospitals are facing unanticipated and staggering financial burdens associated with the anticipated State budget impasse and delayed Medi-Cal reimbursements; hence they are not receiving their regular Medi-Cal reimbursements. Consequently, Trinity is seeking funding to bridge this financial gap in order to finance vital health services for its communities.
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Purpose:	Loan proceeds will be used to offset Medi-Cal reimbursements delays due to the State’s budget impasse.
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Financial Overview:	Based on the most recent audited financial statements, Trinity’s operating loss appears to be improving. The recent transfer of hospital ownership from Trinity County to Mountain Communities Healthcare District coupled with the forgiveness of Trinity’s debt obligation to Trinity County appear to have provided debt and operational expense relief necessary for Trinity’s future operations. Additionally, Trinity appears to meet CHFFA’s minimum requirements for debt service coverage of 1.10X with a ratio of 18.13X. This financing is expected to sustain Trinity’s daily operations until the State budget passes.
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Financing Structure:	<ul style="list-style-type: none">▪ The entire loan balance shall be repaid in full no later than 45 days following the adoption of a 2008-2009 budget by the State of California.▪ Loan proceeds are to be disbursed on as-needed basis in a total amount not to exceed the hospital’s third-party-approved Medi-Cal claim.▪ Loan origination fee of 1.25%.▪ Possible reduction of the Authority’s 3% fixed interest rate.▪ Lien on gross revenues.
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Due Diligence:	Due diligence of the following items has been completed or will be completed prior to closing: <ul style="list-style-type: none">▪ Religious Due Diligence▪ Legal Review▪ Community Service Obligation▪ CEQA/Seismic/Pass through (Not required)
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Staff Recommendation:	Staff recommends the Authority approve a Resolution in an amount not to exceed \$301,000 for Mountain Communities Healthcare District dba Trinity Hospital subject to financing terms acceptable to the Authority.
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Mountain Communities Healthcare District DBA Trinity Hospital
Statement of Activities
(Unrestricted)

	For the year ended December 31 (a)		
	2007	2006	2005
<u>SUPPORT, REVENUE & GAINS:</u>			
Net patient service revenue	\$ 6,334,256	\$ 8,530,324	\$ 7,400,213
Other operating revenue	20,892	2,557	5,199
Total support, revenue and gains	<u>6,355,148</u>	<u>8,532,881</u>	<u>7,405,412</u>
<u>EXPENSES:</u>			
Salaries and wages	3,555,694	4,122,865	3,824,570
Employee benefits	531,311	998,769	1,180,845
Professional fees	799,060	2,204,940	1,937,654
Purchased services	404,030	377,549	643,948
Supplies	715,730	1,105,867	1,091,818
Repairs and maintenance	40,001	134,511	126,826
Utilities	146,059	228,441	212,419
Lease and rental	43,080	69,244	62,858
Insurance	18,331	66,523	62,758
Depreciation and amortization	396,412	372,932	353,047
Other operating expenses	86,678	143,834	719,062
Total expenses	<u>6,736,386</u>	<u>9,825,475</u>	<u>10,215,805</u>
Operating loss	(381,238)	(1,292,594)	(2,810,393)
<u>Non-Operating Revenue/(expenses)</u>			
District tax revenue	950,862	-	-
Interest expense	(2,558)	(11,071)	(6,715)
Capital donations(b)	5,109,908	-	-
Change in unrestricted net assets	<u>5,676,974</u>	<u>(1,303,665)</u>	<u>(2,817,108)</u>
Unrestricted net assets at beginning of year	-	(4,024,607)	(1,207,499)
Unrestricted net assets end of year	<u>\$ 5,676,974</u>	<u>\$ (5,328,272)</u>	<u>\$ (4,024,607)</u>

(a) FY 2006 and FY 2005 figures are for the year ending June 30, 2006 and June 30, 2005, respectively.

(b) The Capital donations item is a one time amount that reflects the transfer of capital assets and other adjustments received from Trinity County.

**Mountain Communities Healthcare District DBA Trinity Hospital
Statement of Financial Position**

	As of December 31 (a)		
	2007	2006	2005
<u>Assets</u>			
Current Assets:			
Cash and cash equivalents	\$ 566,846	\$ 268,032	\$ 505,754
Patient accounts receivable, net of allowances	2,071,946	1,710,195	1,661,327
Other receivables	517,884	11,073	-
Estimated third party settlements, net	293,938	-	-
Supplies	255,158	311,671	225,731
Prepaid expenses and deposits	92,609	44,317	19,820
Total Current Assets	<u>3,798,381</u>	<u>2,345,288</u>	<u>2,412,632</u>
Assets limited as to use	2,762	4,526	5,400
Capital assets, net	5,843,002	2,359,783	2,532,131
Total Assets	<u>\$ 9,644,145</u>	<u>\$ 4,709,597</u>	<u>\$ 4,950,163</u>
<u>Liabilities & Net Assets</u>			
Current Liabilities:			
Current Maturities of debt borrowings	\$ 135,632	\$ 50,108	\$ 48,629
Accounts payable and accrued expenses	2,391,401	1,001,152	586,742
Accrued payroll and related liabilities	418,144	378,280	217,173
Estimated third party payor settlements, net	804,909	151,370	371,500
Total Current Liabilities	<u>3,750,086</u>	<u>1,580,910</u>	<u>1,224,044</u>
Debt borrowings, net of current maturities	217,085	56,005	106,113
Due to Trinity County (b)	-	8,400,954	7,644,613
Total Liabilities	<u>3,967,171</u>	<u>10,037,869</u>	<u>8,974,770</u>
Net Assets:			
Invested in capital assets, net of related debt	5,455,213	2,253,670	2,376,389
Unrestricted net assets (deficit)	221,761	(7,581,942)	(6,400,996)
Total net assets (deficit)	<u>5,676,974</u>	<u>(5,328,272)</u>	<u>(4,024,607)</u>
Total Liabilities & Net Assets	<u>\$ 9,644,145</u>	<u>\$ 4,709,597</u>	<u>\$ 4,950,163</u>

Financial Ratios:

	<u>Proforma (c)</u>			
Debt Service Coverage (x)	18.13	18.13	(15.40)	(365.95)
Debt/Unrestricted Net Assets (x)	0.19	0.06	(0.02)	(0.04)
Margin (%)		57.53%	-15.15%	-37.95%
Current Ratio (x)		1.01	1.48	1.97

(a) FY 2006 and FY 2005 figures are as of June 30, 2006 and June 30, 2005, respectively.

(b) This debt was forgiven by Trinity County upon the formation of the Mountain Communities Healthcare District.

(c) Recalculates 2007 audited results to include the impact of this proposed financing.